



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-0060/3  
PJK:jld:ph

DOA:.....Major, BB0195 - Changing interest rate on child support arrears

**FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION**

**AN ACT ...; relating to:** a pilot program reducing the interest rate on child support arrears.

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*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**CHILDREN**

Under current law, an individual who is obligated to pay court-ordered child support or family support (child support and maintenance combined) must pay interest at the rate of 1 percent per month, or 12 percent per year, on any amount of child support that is not paid on time (child support in arrears). This bill authorizes DCF to conduct a pilot program, beginning at any time after December 31, 2013, but ending on June 30, 2015, during which time the interest rate on child support in arrears would be 0.5 percent per month, or 6 percent per year. The interest rate reverts to 1 percent per month at the end of any such pilot program unless DOA approves the continuation of the lower rate.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 767.511 (6) (intro.) of the statutes is amended to read:

767.511 **(6)** INTEREST ON ARREARAGE. (intro.) ~~A- Subject to sub. (6m),~~ a party ordered to pay child support under this section shall pay simple interest at the rate of 1% per month on any amount in arrears that is equal to or greater than the amount of child support due in one month. If Subject to sub. (6m), if the party no longer has a current obligation to pay child support, interest at the rate of 1% per month shall accrue on the total amount of child support in arrears, if any. Interest under this subsection is in lieu of interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the department or its designee under s. 767.57. Except as provided in s. 767.57 (1m) and except as required under federal statutes or regulations, the department or its designee shall apply all payments received for child support as follows:

**SECTION 2.** 767.511 (6m) of the statutes is created to read:

767.511 **(6m)** PILOT PROGRAM ON INTEREST RATE. The department may conduct a pilot program under which the interest that accrues on the amounts in arrears specified in sub. (6) and in s. 767.531 shall be at the rate of 0.5 percent per month instead of 1 percent per month. If the department conducts a pilot program under this subsection, the program may begin at any time after December 31, 2013, but shall end on June 30, 2015, and the new rate shall apply to interest that accrues during that time. At the end of the pilot program, if any, the interest rate shall revert to 1 percent per month, unless the department of administration approves the continuation of the lower rate.

**SECTION 3.** 767.531 (intro.) of the statutes is amended to read:

**767.531 Family support.** (intro.) The court may make a financial order designated “family support” as a substitute for child support orders under s. 767.511

and maintenance payment orders under s. 767.56. ~~A Subject to s. 767.511 (6m), a~~ party ordered to pay family support under this section shall pay simple interest at the rate of 1% per month on any amount in arrears that is equal to or greater than the amount of child support due in one month. ~~If Subject to s. 767.511 (6m), if the~~ party no longer has a current obligation to pay child support, interest at the rate of 1% per month shall accrue on the total amount of child support in arrears, if any. Interest under this section is in lieu of interest computed under s. 807.01 (4), 814.04 (4), or 815.05 (8) and is paid to the department or its designee under s. 767.57. Except as provided in s. 767.57 (1m), the department or its designee shall apply all payments received for family support as follows:

**SECTION 4.** 767.57 (1m) (intro.) of the statutes is amended to read:

767.57 **(1m)** OVERPAYMENT. (intro.) ~~Notwithstanding ss. 767.511 (6) and 767.531, if~~ If the department or its designee receives support or maintenance money that exceeds the amount due in the month in which it is received and the department or its designee determines that the excess amount is for support or maintenance due in a succeeding month, the department or its designee may hold the amount of overpayment that does not exceed the amount due in the next month for disbursement in the next month if any of the following applies:

(END)